

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 162 – SB 298

March 30, 2015

SUMMARY OF ORIGINAL BILL: Updates the lottery scholarship program's list of regional accrediting associations to reflect recent changes in the identities of the associations.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005623): Deletes all language after the enacting clause. Changes the definition of an eligible independent postsecondary institution for the purposes of receiving a HOPE scholarship to include a private postsecondary institution that is located in this state and is accredited by the Association of Biblical Higher Education (ABHE), and a private postsecondary institution that is located in this state and is accredited by the Transnational Association of Christian Colleges and Schools (TRACS).

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Expenditures – \$308,000/FY15-16/Lottery for Education Account
\$476,000/FY16-17/Lottery for Education Account
Exceeds \$476,000/FY17-18 and Subsequent Years/
Lottery for Education Account**

This funding will not be included in the annual statutory transfer of excess lottery funding from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.

Assumptions for the bill as amended:

- The Tennessee Student Assistance Corporation (TSAC) estimates that 28 additional students from American Baptist College, 23 students from Williamson Christian College, 17 students from Mid-South Christian College, and 20 students from Visible Music College (88 students total) will receive a HOPE scholarship in FY15-16 in the amount of \$3,500.
- The increase in state expenditures from the Lottery for Education Account (LFEA) will be \$308,000 (\$3,500 x 88) in FY15-16.
- There will be an additional 88 students receiving HOPE scholarships in FY16-17, for an increase in state expenditures from the LFEA of \$308,000.

HB 162 – SB 298

- TSAC confirmed the retention rate for HOPE scholarship recipients is 55 percent from the student's first year to the second year.
- Forty eight students (88 x 55%) from the FY15-16 class will retain their award, resulting in an increase in state expenditures from the LFEA of \$168,000 (\$3,500 x 48) in FY16-17.
- The total increase in state expenditures from the LFEA in FY16-17 is estimated to be \$476,000 (\$308,000 + \$168,000).
- In FY17-18 and subsequent years, the recurring increase in state expenditures from the LFEA will exceed \$476,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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